

Message Text

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ORIGIN EB-11

INFO OCT-01 AF-10 ADP-00 COME-00 INT-08 OMB-01 TRSE-00

CIEP-02 OEP-01 GSA-01 CIAE-00 DODE-00 PM-09 H-02

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-12 /101 R

DRAFTED BY EB/ ORF/ ISM: JCCURRAN: BM

4/20/73 EXT:22231

APPROVED BY EB/ ICD: JBKYLE

AF/ W - MR. YATES

AF - MR. SMITH

----- 128995

P 202144 Z APR 73

FM SECSTATE WASHDC

TO AMEMBASSY MONROVIA PRIORITY

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E. O. 11652: N/ A

TAGS: EIND, EMIN, ETRD, US, LI

SUBJECT: STOCKPILE DISPOSAL CONSULTATIONS

REF: STATE 70365

1. CONSULTATIONS INDICATED REFTEL WERE HELD IN DEPARTMENT APRIL 18 WITH LIBERIAN AMBASSADOR PEALE. DEPARTMENT SPOKESMAN WAS AF DEPUTY ASST SECY SMITH. ALSO PRESENT WERE ISM DIVISION CHIEF CURRAN AND DESK OFFICER YATES.

2. AMBASSADOR PEALE WAS GIVEN COPIES OF PRESIDENT'S STOCKPILE MESSAGE TO CONGRESS, WHITE HOUSE FACT SHEET, DRAFT LEGISLATION AND NEW OEP LIST OF STOCKPILE OBJECTIVES. SMITH THEN EXPLAINED PROPOSALS TO ACCELERATE EXISTING DISPOSAL PLANS, AS DESCRIBED REFTEL, FOR RUBBER. DEPARTMENT DATA SHEET WAS ALSO PROVIDED, SHOWING ALL STOCKPILE DATA ON LIMITED OFFICIAL USE

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RUBBER CONTAINED REFTEL AND PRECEDING STOCKPILE DEPTELS.

3. EXPLAINING THAT THIS CONSULTATION WAS CHIEFLY INTENDED CONVEY INFORMATION FOR TRANSMITTAL TO GOL, SMITH URGED THAT LIBERIAN EMBASSY MAKE EVERY EFFORT RESPOND TO USG PROPOSALS WITHIN TEN WORKING DAYS OF THIS MEETING, IN ORDER MEET URGENT GSA DEADLINE.

4. SMITH EXPLAINED THAT A FEW YEARS AGO CONGRESS HAD AUTHORIZED SALE OF ALL BUT 130,000 TONS OF RUBBER IN STOCKPILE; STRATEGIC OBJECTIVE FOR RUBBER WAS LATER RAISED TO 200,000 TONS, SO GSA HAD NOT PLANNED TO DISPOSE OF 70,000 TONS DIFFERENCE. NEW OBJECTIVE IS ZERO. CONGRESS IS BEING ASKED FOR AUTHORITY TO SELL 130,000 TONS; MEANWHILE GSA WISHES TO ACCELERATE SALE OF 113,634 TONS FOR WHICH IT ALREADY HAS AUTHORITY. (TOTAL INVENTORY: 243,634 TONS.) GSA PLANS TO DISPOSE OF APPROXIMATELY 20,000 TONS BEFORE JUNE 30 AND TO CONTINUE AT RATE OF 10,000 TONS PER MONTH IN FY 1974. AT THIS RATE, ALL EXCESS NOW AUTHORIZED FOR SALE CAN BE DISPOSED OF BY MARCH OR APRIL 1974. IF CONGRESS APPROVES SALE OF 130,000 TONS MORE, THAT WOULD TAKE ANOTHER 13 MONTHS TO SELL AT THAT RATE.

5. SMITH POINTED OUT DRAMATIC PRICE RISE ON NEW YORK RUBBER MARKET (PRICE HAS ALMOST DOUBLED SINCE GSA SALES RESUMED IN SUMMER 1971). RISE ATTRIBUTED TO INCREASED US CONSUMPTION, NOW RUNNING 3,500 TONS PER MONTH GREATER THAN YEAR AGO, BECAUSE OF INCREASED TRUCK, AUTO, AIRCRAFT PRODUCTION AND INCREASING PROPORTION OF RADIAL TIRES IN US MARKET.

6. AMBASSADOR PEALE NOTED THAT INCREASED US CONSUMPTION (ABOVE) WOULD NOT ABSORB ENTIRE GSA OUTPUT, EXPRESSED CONCERN ABOUT SYNTHETIC RUBBER COMPETITION AGAINST NATURAL, AND ASKED IF USG WOULD TAKE ACTION IF GSA PROGRAM PROVED HARMFUL TO RUBBER MARKET.

7. SMITH NOTED THAT PRESENT AND PROPOSED STOCKPILE LEGISLATION CONTAIN SAFEGUARDS FOR PROTECTION OF PRODUCERS, PROCESSORS AND CONSUMERS AND ADVISED AMBASSADOR OF US TRADE VIEWS THAT MARKET CAN ABSORB THIS PROGRAM WITHOUT ADVERSE EFFECTS. PORTER
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*** Current Classification *** LIMITED OFFICIAL USE

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